

# 1998 Amended Corporate Income Tax Return

## Arizona Form 120X

Obtain additional information or assistance, tax forms and instructions, and copies of tax rulings and tax procedures by contacting one of the numbers listed below:

|                                |                |
|--------------------------------|----------------|
| Phoenix                        | (602)          |
| 255-3381                       |                |
| Nationwide, toll-free          | (800) 352-4090 |
| Form Orders                    | (602) 542-4260 |
| Forms by Fax                   | (602) 542-3756 |
| Recorded Tax Information       |                |
| Phoenix                        | (602) 542-1991 |
| Other Arizona areas, toll-free | (800) 845-8192 |
| Hearing impaired TDD user      |                |
| Phoenix                        | (602) 542-4021 |
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Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's Internet home page at:

[www.revenue.state.az.us](http://www.revenue.state.az.us)

### General Instructions

#### Purpose of Form

The 1998 Form 120X may be used to amend only the 1998 Form 120, as originally filed, or as it was later adjusted by an amended return, Department of Revenue correction notice, or an audit, whichever is latest.

**NOTE:** *Amended returns for prior taxable years must be filed on the Arizona Forms 120X for those taxable years.*

#### When to File

The Form 120X may be filed only after the taxpayer has filed its original Arizona corporate income tax return (Form 120) for the 1998 taxable year. Generally, Form 120X must be filed within four years after the date the original return was due or after the date that the taxpayer filed it, whichever was later. See instructions below on Revenue Agent Report (RAR) or federal amended return changes.

#### RAR or Amended Return Changes

Any taxpayer who files an amended return with the Internal Revenue Service must file an Arizona amended return. The taxpayer must report changes or corrections of the taxpayer's taxable income by the Internal Revenue Service to the department. The taxpayer must also report changes in the taxpayer's taxable income as the result of renegotiation of a contract or subcontract with the United States to the department. The taxpayer must report the change or correction or file an amended return to the department within 90 days after the final determination of the change or correction.

#### Consolidated Return Election

The common parent of an affiliated group of corporations that files a federal consolidated return may elect to file an Arizona consolidated return. The common parent must make the election for taxable years beginning January 1, 1994, or later by the due date, including extensions, for filing the original return.

A taxpayer may file the 1998 Form 120X to change its method of filing to consolidated only if the 1998 Form 120X is filed by the due date, including extensions, of the taxpayer's 1998 Form 120.

Refer to the 1998 Form 120 instructions for further information regarding requirements for the election to file on a consolidated basis.

#### What to Attach

Attach any schedules, forms, and/or statements which are necessary to fully explain and substantiate the change(s). Attach a statement to the Form 120X that explains why the taxpayer amended its Arizona return. If the taxpayer amended its federal return, attach a copy of the amended return with all applicable schedules to the Form 120X. If the taxpayer is reporting RAR changes, attach a copy of the RAR with all applicable schedules.

#### Rounding Dollar Amounts

Taxpayers must round amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down.

### Line-by-Line Instructions

Type or print the required information in the name, address, and information boxes on the top of page 1. If this is a consolidated return, enter the common parent corporation's name and address. The name for a consolidated return should include the phrase "and subsidiaries." If this is a combined return, enter the name and address of the corporation under which the group is filing. The name for the combined return should include either the phrase "and unitary affiliates" or "and unitary subsidiaries," whichever is applicable.

Indicate the period covered by the taxable year and whether the taxable year is a calendar year or a fiscal year.

Enter the corporation's federal employer identification number, which is the taxpayer identification number (TIN). If this is a consolidated return, enter the TIN of the common parent corporation. If this is a combined return, enter the TIN of the corporation under which the group is filing. Enter the corporation's Arizona withholding tax number and Arizona transaction privilege tax number. If this is a consolidated return, enter the common parent corporation's

Arizona withholding tax number and Arizona transaction privilege tax number. If the common parent does not have an Arizona withholding tax number or Arizona transaction privilege tax number, leave these boxes blank. If this is a combined return, enter the Arizona withholding tax number and Arizona transaction privilege tax number of the corporation under which the group is filing. If this corporation does not have an Arizona withholding tax number or Arizona transaction privilege tax number, leave these boxes blank.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). Taxpayers that fail to include their TIN may be subject to a penalty. Paid tax return preparers must include their TIN where requested. The TIN for a paid tax return preparer is either the individual's social security number or the federal employer identification number of the business. Paid tax return preparers that fail to include their TIN may be subject to a penalty.

### **Lines 1 through 19 and lines 21 through 23 -**

**NOTE:** Columns (a) and (c) must be completed for each line whether or not a change has been made to a particular line. Enter an amount in column (b) only if a change has been made for a particular line.

- Column (a): Enter the amounts as shown on the original return or as adjusted by any prior audit, amended return, or Department of Revenue correction notice.
- Column (b): Enter the amount(s) of any change(s). Attach any schedules, forms, and/or statements which are necessary to fully explain and substantiate the change(s). The amounts entered in column (b) should be the net increase or net decrease for each line that has been changed. Bracket all decreases entered in column (b).
- Column (c): Add the increase in column (b) to the amount in column (a) or subtract the decrease in column (b) from column (a). Enter the result here. If the line has not been changed, enter the amount from column (a) in column (c).

### **Line 9 - Apportionment Ratio**

If the apportionment ratio is being amended, enter the amended apportionment ratio from page 2, Schedule C, line C5 in column (c). If the apportionment ratio is not being amended, enter the apportionment ratio from the 1998 Arizona Form 120, page 1, line 9, or as adjusted by any prior audit or amended return, whichever is latest. The taxpayer must carry out the ratio on line 9 to six places.

Refer to the instructions for Schedule C for more detailed information. Do not enter an amount on page 1, line 9, before reading the Schedule C instructions.

### **Line 16 - Arizona Tax**

Multiply Arizona taxable income (line 15(c)) by 8 percent. If the computed amount of tax is less than \$50, enter the minimum tax of \$50.

Combined or consolidated returns - a unitary group or an Arizona affiliated group is considered a single taxpayer. The minimum tax is imposed on the single taxpayer rather than on each corporation within the group.

### **Line 17 - Tax From Recapture of Environmental Technology Facility Credit and Recycling Equipment Credit**

Enter the amount of tax due from recapture of the environmental technology facility credit and/or the recycling equipment credit from Arizona Form 300, Part II, line 20.

### **Line 18 - Subtotal**

Add lines 16 and 17. This is the amount of tax liability to which the total amount of tax credits claimed by the taxpayer may be applied.

### **Line 19 - Tax Credits**

Enter the allowable tax credit amount from the Arizona Form 300, Part II, line 37. This amount cannot be larger than the amount on line 18 above. Do not include the retroactive consolidation tax payment credit on this line.

- **Defense Contracting Credits.** There are two tax credits for qualified defense contractors. Qualified defense contractors may claim a tax credit for net increases in employment positions under United States Department of Defense contracts and in private commercial employment positions. There is also a tax credit for property taxes paid by a qualified defense contractor. Complete Arizona Form 302 to claim these tax credits.
- **Enterprise Zone Credit.** Taxpayers located in an enterprise zone may claim a credit for net increases in qualified employment positions. Taxpayers may not claim the credit for qualified employment positions at a business location where tangible personal property is sold at retail. Effective for taxable years beginning from and after December 31, 1997, the credit for previously qualified employees and previously dislocated workers is limited to the available credit carryover. Complete Arizona Form 304 to claim this tax credit.
- **Environmental Technology Facility Credit.** This tax credit is for costs incurred in constructing a qualified environmental technology manufacturing, producing, or processing facility as described in ARS § 41-1514.02. Complete Arizona Form 305 to claim this tax credit.

- **Military Reuse Zone Credit.** This tax credit is for net increases in employment of full-time employees working in a military reuse zone established under Arizona law. The employees must primarily engage in providing aviation or aerospace services or in manufacturing, assembling, or fabricating aviation or aerospace products. Complete Arizona Form 306 to claim this tax credit.
- **Recycling Equipment Credit.** This tax credit is for corporate taxpayers who place recycling equipment in service in Arizona. Recycling equipment is new or used equipment purchased during the taxable year and used exclusively to process post-consumer select solid waste materials. Recycling equipment is also manufacturing machinery used exclusively to produce finished products, the composition of which is at least 25 percent post-consumer select solid waste materials. Complete Arizona Form 307 to claim this tax credit.
- **Research and Development Expenses Credit.** This tax credit is for corporate taxpayers who incur qualified research expenses for research conducted in Arizona. The credit applies to qualifying expenses incurred from and after December 31, 1993, through December 31, 2003. The law provides no carryforward for this credit. Complete Arizona Form 308 to claim this tax credit.
- **Correctional Industries Credit.** The allowable tax credit is for the investment in qualified property on the grounds of an Arizona correctional facility. The allowable credit is also for the employment of inmates in the Arizona correctional facility or for the employment of inmates in prison construction (for an Arizona correctional facility). The law provides no carryforward for this credit. Complete Arizona Form 311 to claim this tax credit.
- **Agricultural Water Conservation System Credit.** This tax credit is for expenses incurred during the taxable year to purchase and install an agricultural water conservation system in Arizona. The credit applies to taxable years beginning from and after December 31, 1993. Complete Arizona Form 312 to claim this tax credit.
- **Alternative Fuel Vehicles and Refueling Station Credits.** There are now four alternative fuel tax credits available to taxpayers. One of the credits is for the purchase or lease (for a duration of at least three years) of new bi-fuel or dedicated operation alternative fuel vehicle(s) for use in Arizona. The second credit is for the expenses incurred for the conversion of conventional vehicle(s) to operate as bi-fuel or dedicated operation alternative fuel vehicles for use in Arizona. The third and fourth credits are for expenses incurred in the construction or operation of alternative fuel delivery system(s) in Arizona that are capable of dispensing an alternative fuel to an alternative fuel vehicle. The credits apply to taxable years beginning after December 31, 1997, and before January 1, 2002. Complete Arizona Form 313 to claim these tax credits.
- **Underground Storage Tanks Credit.** This tax credit is for expenses incurred by a corporate taxpayer not liable or responsible for corrective actions required due to the release of a regulated substance. The credit applies to taxable years beginning from and after December 31, 1993. There is no carryforward allowed for this tax credit. Complete Arizona Form 314 to claim this tax credit.
- **Pollution Control Credit.** This tax credit is for expenses incurred during the taxable year to purchase real or personal property used in the taxpayer's trade or business in Arizona to control or prevent pollution. The credit applies to taxable years beginning from and after December 31, 1994. Complete Arizona Form 315 to claim this tax credit.
- **Construction Materials Credit.** This tax credit is for new construction materials incorporated into a qualifying facility located entirely within Arizona, construction of which is begun on or after January 1, 1994, and completed on or before December 31, 1999. The credit shall be claimed in the taxable year in which the qualified facility receives a certificate of occupancy. Complete Arizona Form 316 to claim this tax credit.
- **Credit for Taxes Paid for Coal Consumed in Generating Electrical Power.** This new tax credit is for a percentage of the amount paid by the seller or purchaser as transaction privilege tax or use tax for coal sold to the taxpayer that is consumed in the generation of electrical power in Arizona. "Amount paid by the seller or purchaser as transaction privilege tax or use tax" means that the Arizona transaction privilege tax was passed through to the taxpayer by the seller as an added charge or that the seller collected the Arizona use tax from the taxpayer or that the taxpayer paid the Arizona use tax to the department. The credit applies to taxable years beginning from and after December 31, 1997. Complete Arizona Form 318 to claim this tax credit.
- **Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets.** This new tax credit is for the installation of solar hot water heater plumbing stub outs and electric vehicle recharge outlets in houses or dwelling units constructed by the taxpayer. The houses or dwelling units must be located in Arizona. The tax credit applies to taxable years beginning from and after December 31, 1997. Complete Arizona Form 319 to claim this tax credit.

- **Credit for Employment of TANF Recipients.** This new tax credit is for net increases in qualified employment for recipients of the temporary assistance for needy families (TANF) who are residents of Arizona. This tax credit applies to taxable years beginning from and after December 31, 1997. Complete Arizona Form 320 to claim this tax credit.

Complete the appropriate credit forms for each credit. Attach the completed credit forms to the Form 120X with the Arizona Form 300, whether or not the amount claimed on line 19 has been changed.

### Line 20 - Credit Type

Indicate which tax credits were claimed on line 19 by writing the applicable form number(s) in the space provided. Complete this line whether or not the amount of tax credits claimed on line 19 has been changed.

| If you are claiming:   | Write form number: |
|--|--------------------|
| Defense Contracting Credits  | 302                |
| Enterprise Zone Credit   | 304                |
| Environmental Technology Facility Credit   | 305                |
| Military Reuse Zone Credit   | 306                |
| Recycling Equipment Credit   | 307                |
| Research and Development Expenses Credit   | 308                |
| Correctional Industries Credit   | 311                |
| Agricultural Water Conservation System Credit  | 312                |
| Alternative Fuel Vehicles and Refueling Station Credits                                    | 313                |
| Underground Storage Tanks Credit   | 314                |
| Pollution Control Credit   | 315                |
| Construction Materials Credit  | 316                |
| Credit for Taxes Paid for Coal Consumed in Generating Electrical Power                     | 318                |
| Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets | 319                |
| Credit for Employment of TANF Recipients   | 320                |

### Line 22 - Correctional Industries Recapture Tax

Enter the recapture tax from Arizona Form 300, Part II, line 38.

### Line 24 - Retroactive Consolidation Tax Payment Credit

Complete this line only if: (1) the taxpayer has received a credit voucher from the department indicating the amount of the total overpayment credit from retroactive consolidation, and (2) the taxpayer is filing this return for a taxable year beginning from and after June 30, 1995. Enter the maximum allowable credit for the taxable year, which is the lesser of

ten percent of the total credit as determined by the department or the tax liability (line 23(c)).

### Line 25 - Payments (Extension, Estimated)

Enter the amount from page 2, Schedule D, Part A, line 6.

### Line 26 - Payment With Original Return (Plus All Additional Payments After It Was Filed)

Enter the amount from page 2, Schedule D, Part B, line 6.

### Line 27 - Total Payments

Add lines 24, 25, and 26. Enter the total.

**NOTE FOR CLAIM OF RIGHT RESTORATION:** *If the tax for the 1998 taxable year was computed under the provisions for a claim of right restoration, line 27 also includes the credit for the tax reduction for prior taxable year(s). Refer to Arizona Corporate Tax Procedure CTP 95-3 for further information. Write "ARS § 43-1130.01" and the total amount of the tax reduction for prior taxable year(s) in the space to the left of the total payment amount entered on line 27. The amount entered on line 27 is the total of lines 24, 25, 26, and the tax reduction for prior taxable year(s). Attach a schedule computing the tax reduction for the prior taxable year(s).*

### Line 28 - Overpayment From Original Return or as Later Adjusted

Enter the amount of the overpayment (if any) from the original return (1998 Form 120, line 33), and the total amount of any overpayments from a Department of Revenue correction notice, an amended return (1998 Form 120X, line 31), or an audit.

### Line 30 - Total Due

If line 23(c) is **larger** than line 29, enter the difference. This is the amount of tax due. It must be paid with the amended return. Make the check payable to the Arizona Department of Revenue for the amount shown on line 30 and include the taxpayer's TIN on the check.

### Line 31 - Overpayment

If line 29 is **larger** than line 23(c), enter the difference. This amount is the overpayment from this amended return.

### Line 32 - Amount to be Applied to 1999 Estimated Taxes

The taxpayer may apply part or all of an overpayment reported on line 31 as a 1999 estimated tax payment, if this amended return is filed during the taxpayer's 1999 taxable year. Enter the applicable amount on line 32. If the taxpayer wants all of the line 31 amount to be refunded, enter zero.

### Line 33 - Amount to be Refunded

Subtract line 32 from line 31, and enter the result. This is the net refund amount.

### Schedule C Instructions

Schedule C must be completed only if the 1998 Arizona Form 120X is filed to amend the apportionment ratio. If the apportionment ratio is not being amended, enter the apportionment ratio from the 1998 Arizona Form 120 or as adjusted by any prior audit or amended return, whichever is latest, on the Arizona Form 120X, page 1, line 9, in column (a) and column (c).

ARS § 43-1139 (Allocation of business income) provides that the apportionment ratio is a fraction. The numerator of the fraction is the property factor plus the payroll factor plus two times the sales factor. The denominator of the fraction is four.

Determine sales within Arizona on a destination sales basis.

#### Line C3(f) -

**NOTE:** Multiply the amount entered on line C3(d), column (a), the total Arizona sales, by 2 (double weighted sales factor) on line C3(e), column (a). Enter the amount on line C3(f), column (a). Do not double the amount entered on line C3(f), column (b), the everywhere sales of the taxpayer.

**EXAMPLE:** The taxpayer has total Arizona sales of \$100,000 and total everywhere sales of \$1,000,000. On line C3(f), column (a), enter \$200,000 of Arizona sales. On line C3(f), column (b), enter \$1,000,000 of everywhere sales for the taxpayer.

The sales factor ratio in column (c) of line C3(f) may, in certain circumstances, exceed 100 percent. However, since the total ratio (line C4) is divided by four, the average ratio (line C5) will not exceed 100 percent.

#### Line C5 -

Divide the total ratio, line C4, column (c), by four. Enter the average ratio amount here and on page 1, line 9. Express the ratio as a decimal carried out to six places.

**NOTE:** Do not exclude a factor from the total ratio (line C4, column (c)) if the numerator of a factor is zero and the denominator of a factor is greater than zero. However, the taxpayer must exclude a factor if both the numerator and the denominator of a factor are zero. If the property or payroll factor is excluded, determine the average ratio (line C5, column (c)) by dividing the total ratio by three. If the sales factor is excluded, determine the average ratio by dividing the total ratio by two.

### Schedule D Instructions

Parts A and B, lines 1 through 5, are used to list the income tax payments made by the taxpayer for the taxable year being amended. Do not include the retroactive consolidation tax

payment credit or the claim of right credit computed under ARS § 43-1130.01 in this schedule.

#### Part A. Payments (Extension, Estimated) -

List the taxpayer's extension and estimated tax payments from the original return or from a Department of Revenue correction notice, whichever is later. If additional space is required to list the payments, attach a schedule. Do not include amounts paid for penalties and interest. Enter the total on Schedule D, Part A, line 6, and on page 1, line 25.

#### Part B. Payments (Other) -

List the payment sent with the original return and all payments made by the taxpayer after the original return was filed. If additional space is required to list the payments, attach a schedule. Do not include amounts paid for penalties and interest or payments reported on page 1, line 25. Enter the total on Schedule D, Part B, line 6, and on page 1, line 26.

### Certification

One or more of the following officers (president, treasurer, or any other principal officer) must sign the return. Complete the signature of the paid preparer, TIN, and date lines on page 2.

### Interest

The Arizona Department of Revenue will calculate any interest due and will either include it in the refund or bill the taxpayer for the interest.

Obtain information and current interest rates by contacting one of the numbers listed on page 1 of these instructions.